

CRISP REPORT

COMMISSION FOR THE REVIEW AND
IMPROVEMENT OF SERVICES PROCUREMENT



March 5, 1999

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Commissioner of Administration

Commission Members:

Rep. Jerry Luke LeBlanc
House Appropriations Committee

Sen. John Hainkel, Jr.
Senate Finance Committee

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I

SUMMARY

Act 998 of the 1997 Regular Legislative Session established in Chapter 16 of Title 39 the Commission for the Review and Improvement of Services Procurement (CRISP). The Crisp Commission was charged with the authority for overseeing the review of all professional, personal, consulting and social services contracts for all executive branch agencies.

In 1997, the Commission met and established guidelines and timelines for the agencies' internal contract review teams and a training session was held for all agencies by CRISP staff members at which time guidelines were distributed and questions were answered. Each agency was responsible for establishing an internal review team which would review its agency's contracts and report back to the Commission the results of their review.

During 1998, the Commission met periodically to review and discuss each agency's final report as well as hear testimony from the agencies regarding their findings and recommendations for improving the contract process.

The Commission also reviewed the operations of the Office of Contractual Review which sets policy and has oversight of all professional, personal, consulting and social services contracts entered into by executive branch agencies.

The findings and recommendations of the Commission are set forth in this report.

Copies of minutes of the CRISP Commission meetings are available by contacting Karen Bueche or Sharon Schexnayder, Division of Administration, at (225)342-7000.

II

LOUISIANA REVISED STATUTES 39: 1493.2 – 1493.3

LOUISIANA REVISED STATUTES
TITLE 39. PUBLIC FINANCE
SUBTITLE III. GENERAL LAWS ON STATE DEBT
CHAPTER 16. PROFESSIONAL, PERSONAL, CONSULTING, AND SOCIAL
SERVICES PROCUREMENT
PART I. GENERAL PROVISIONS
SUBPART F. COMMISSION FOR THE REVIEW AND IMPROVEMENT OF SERVICES
PROCUREMENT

Current through all 1997 Reg. Sess. Acts

**1493.2. Commission for the Review and Improvement of Services
Procurement; creation; membership; termination date**

A. The Commission for the Review and Improvement of Services Procurement, hereinafter referred to as the "commission", is hereby created to oversee and direct the review of all agencies in the executive branch of state government relative to the procurement of professional, personal, consulting, and social service contracts and the procedures and practices utilized therein.

B. The commission shall consist of the following seven members:

(1) The commissioner of administration or his designee, who shall serve as chairman.

(2) The chairman of the House Committee on Appropriations or his designee.

(3) The chairman of the Senate Committee on Finance or his designee.

(4) The legislative fiscal officer or his designee.

(5) The legislative auditor or his designee.

(6) The executive counsel to the governor or his designee.

(7) The director of the Department of State Civil Service or his designee.

C. The statewide elected official whose department or agency is presently being considered by the commission shall serve ex officio as a member of the commission.

D. The commission shall convene its first meeting no later than September 1, 1997, and shall meet quarterly thereafter. Meetings of the commission shall be open to the public, pursuant to the provisions of R.S. 42:4.1 et seq. The commission shall terminate on June 30, 1999.

CREDIT(S)

1998 Electronic Update

Added by Acts 1997, No. 998, s 1, eff. July 10, 1997.

<General Materials (GM) - References, Annotations, or Tables>

1493.3. Powers and duties

A. The commission shall oversee and direct a comprehensive review of all contracts in force for professional, personal, social, and consulting services within all departments of the executive branch of state government. Such review shall be accomplished through the use of internal review teams to be established within each department. The commission shall establish guidelines, procedures, and timetables for the review of the contracts of each department.

B. (1) All departments of the executive branch, and the officers and employees thereof, shall cooperate with the commission in carrying out the duties and purposes of this Subpart.

(2) The commission shall hold hearings and may subpoena witnesses and documents.

(3) The commission may require the assistance of the staff of the division of administration, House of Representatives, Senate, Legislative Fiscal Office, Legislative Auditor's Office, or the Department of State Civil Service.

C. (1) The review team for each department shall be composed of at least five members. The membership of each team shall include one member of the staff of the Legislative Fiscal Office appointed by the commission, with the remaining members of the review team to be appointed by the secretary of the department. However, one member of the team appointed by the secretary shall be an unclassified gubernatorial cabinet level appointee employed by the department.

(2) The commission will establish a timetable within which each review team shall complete its review and issue a report of its findings and recommendations to the commission.

(3) In accordance with the requirements established by the commission, each review team shall examine all contracts for professional, personal, social, or consulting services which its department has in effect at the commencement of the review. The review team shall analyze every contract individually, which analysis shall include the following criteria: necessity, inability of state employees to perform the contracted services, cost basis, adequacy of the monitoring plan, and general appropriateness. The review team shall also review such contracts for the purpose of determining the degree of standardization of contracting practice throughout the department, particularly with regard to needs assessment, cost

basis, and contract administration and monitoring.

***78795** D. The commission shall review and consider the reports of the individual review teams and shall develop recommendations for any revision of current practices, administrative procedure or statutory law, as is determined to be necessary. As part of its review of the contracting process, the commission shall also examine the operations of the office of contractual review within the division of administration relative to the authorities and responsibilities of that office. Such recommendations shall be submitted to the governor, the president of the Senate, the speaker of the House of Representatives, and the commissioner of administration no later than thirty days prior to the beginning of the 1999 Regular Session of the Legislature.

CREDIT(S)

1998 Electronic Update

Added by Acts 1997, No. 998, s 1, eff. July 10, 1997.

<General Materials (GM) - References, Annotations, or Tables>

HISTORICAL NOTES

HISTORICAL AND STATUTORY NOTES

1998 Electronic Update

Pursuant to the statutory revision authority of the Louisiana State Law Institute, in this section as enacted in 1997, the subsection heading for subsec. C was deleted, which had read, "Review teams." and a format change was made.

III.

CRISP RECOMMENDATIONS

Final CRISP Report on Issues

Comments/Recommendation Legend:

CRISP= CRISP Staff

U= Undersecretaries

RT= Departmental Review Team

OCR= Office of Contractual Review

CS= Civil Service

Entity	Issue Description	<u>Recommendations</u>	
		Administrative Action	Statutory Changes
Legal Services CRISP)	Contract services for specialized legal counsel	Continue to contract	
(CRISP)	Routine legal service needs	Recommend comprehensive joint Legislative study including participation with the Attorney General and the Commissioner of Administration with respect to legal services for boards and commissions; this recommendation tracks an existing objective in the A.G.'s Strategic Plan)	
(CRISP)	Routine personnel cases – EEOC, Workers Comp, etc.		
(CRISP)	Legal services for Board & Commissions		Future changes may necessitate statutory revisions in Title 36 (Executive branch organization)
Departmental Review CRISP)	Continue departmental review teams at level appropriate for each department	Departments develop proposed plan – submit to OCR for review and approval	
DOTD Exclusion (CRISP)	Reevaluate whether or not to continue exclusion of certain engineering/design contracts entered into by DOTD from coverage by OCR		Retain the exclusion in R.S. 39:1482(A)(1)
DOTD Secretary's “Non-competitive Selection” Authority	Title 48 provisions authorize the Secretary of DOTD special authority to determine service contracting situations of “non-competitive selection” without regard to type of service or		Revise or repeal authority R.S. 48:292

Entity	Issue Description	<u>Recommendations</u>	
		Administrative Action	Statutory Changes
(CRISP)	situation - not available to other departments		
Computer/Data Processing Services (CRISP)	A number of departments utilize service providers for some or all of the following services: operational support, software development, programming, and hardware support. There does not seem to be a coherent strategy for provision of these services via outsourcing or development of in-house capacity	Further study by Executive and/or Legislature	
(CRISP)	Large/legacy system revisions, revamps, or upgrades – the state should look at on-going projects such as in the Revenue Department to determine if “partnering” offers an effective way to share costs in addressing significant retooling of major computing systems serving state departments and agencies	Further study by Executive and/or Legislature	
Monitoring (RT-Variou s)	Includes developing meaningful, formalized procedures and processes within various departments	Departmental administrative function	
Departmental Training (RT-Variou s)	Expand training conducted by OCR for departmental personnel, as well as within departments relative to procuring, administering, monitoring, and evaluating service contracts	1) Expansion of OCR training may require additional resources; Develop Comprehensive Public Training Program (CPTP) courses available to personnel throughout state government	
Sponsored Research	Request consideration of exclusion, and/or special treatment of certain subcontracts under	Recommend further study by Executive and Legislature	

Entity	Issue Description	<u>Recommendations</u>	
		Administrative Action	Statutory Changes
Subcontracts (RT-Hi Ed)	sponsored research awards		
Cooperative Endeavors (RT-DNR)	Limit Co-ops to three year period	Departmental administrative function	
Contract Effective Dates (RT-DNR)	Put all contracts on fiscal year cycle	Departmental administrative function	
Contracts with Higher Education (RT-DNR)	Contract with faculty member directly or university department?	Recommend that higher education management boards work jointly to devise a consistent method for charging indirect costs (See PM11)	
Application of Chapter (OCR)	Provide minimum contract amount of \$2,000 for applicability of Chapter	Administrative rule-making	Amend RS 39:1482(A)(1)
Higher Education Submission Reqs (OCR)	Require Higher Education Boards to retain documentation for certain contracts between the board and various institutions - such contracts are currently excluded from Chapter 16.		Delete RS 39:1482(A)(2)
Revise Certain Definitions (OCR)	Expand definition of "professional services" to include psychologist and certified registered nurse anesthetist (CRNA)		Amend RS 39:1484(18)

Entity	Issue Description	<u>Recommendations</u>	
		Administrative Action	Statutory Changes
(OCR)	Technical - revise “foreign representative” definition relative to personal service contracts which restricts such contracts to those of the Department of Economic Development – i.e., remove the departmental-specific language		Amend RS 39:1484(16)
Small Purchases (OCR)	Increase existing delegation on small purchases <u>from</u> \$10,000 <u>to</u> \$20,000.		Amend RS 39:1508
Reimbursement of Costs (OCR)	Technical change in language relative to cost reimbursement type contracts – changes “using agency” to “contractor”		Amend RS 39:1512(B)(4)
Delegation of Authority (OCR)	The Undersecretaries requested the Commission discuss the establishment of a process between DOA/OCR and the departments relative to departmental approval of certain types of contracts as opposed to OCR review and approval.	Recommend the OCR Director use her existing statutory delegation of authority (RS 39:1488) to prescribe the conditions, identify the scope, and, as necessary, issue or modify rules relative to authorizing specific grants of authority to various departments or agencies of state government	
Social Service Contract Thresholds (U)	Relative to social service contracts, proposal increases the threshold requiring RFP procedures from \$150,000 to \$240,000.	Recommend further study by Executive and Legislature	
Economic Assessment (CS)	Statutes currently require cost-benefit analysis to be performed relative to service contracts; however, there is no outside agency review of	Recommend further study by Executive and Legislature	

<u>Recommendations</u>			
Entity	Issue Description	Administrative Action	Statutory Changes
	such assessment.		

IV

OFFICE OF CONTRACTUAL REVIEW FINDINGS

In February 1999, staff of the House, Senate and Legislative Auditor conducted a review of the operations and policies of the Office of Contractual Review ("OCR"). This agency's role in the state contracting process is one of oversight and assurance that state contracting is done in accordance with law. Each state agency is responsible for its own contracts relative to appropriateness, monitoring and evaluation of contractor performance.

In the past, the organization had experienced problems with lengthy processing times for contracts which came before it for review. The addition of one staff member has had dramatic results in reducing this time interval; OCR presently reports that approximately 75% of contracts are completed within 21 days of receipt. It is the goal of OCR to increase this percentage.

To further the agency's effectiveness, the Director of OCR recommends the following changes in statute or policy, with which legislative staff concurs:

1. Removing certain low cost, routine matters from certain contracting requirements would enable OCR to focus more time on the more costly and substantial contracts, this would involve:
 - * Exemption of contracts of \$2,000 or less from requirements of Ch. 16, Title 39
 - * Increase the threshold for small purchases from \$10,000 to \$20,000¹
2. That the Director of OCR exercise her privilege of special delegation of authority under 39:1488, without limitation on contract value, for recurring and non-controversial services, under the following circumstances:
 - * Contracts prepared in accordance with OCR-approved formats
 - * The agency must have a positive record of contract compliance
 - * Contract monitors must be identified
 - * Contracts approval by either the department secretary or undersecretary
 - * The agency must submit monitoring reports to OCR and the Legislative Auditor as required by law
 - * CFMS agencies must input contracts into the system; non-CFMS agencies would report quarterly
 - * Delegation can be rescinded by the Director of OCR at any time

¹In its review of the internal team reports of all of the executive branch agencies, CRISP staff did not encounter problems with those contracts presently below the \$10,000 threshold. In FY97-98, OCR processed 1,183 contracts valued between \$10,000 and \$20,000, representing 16% of total contract volume, but only 1.3% of total value.

V

CRISP REVIEW TEAM REPORTS

CRISP REVIEW TEAM REPORTS

9/18/98

Health and Hospitals - (Update on On-going Internal Review Activities)

I. Health and Hospitals Review Team Recommendations:

"Contracts are reviewed by the contract review committee on an ongoing basis as they are developed by the various program offices within the department. The committee usually meets twice a month, and sometimes more often if needed. Contracts not acceptable to the committee are returned to the initiating office with comments and recommendations. Since our last report of March 1997 the committee has reviewed approximately 1,500 contracts."

II. CRISP Staff Comments:

A. To ensure conformity with the CRISP process, we recommend that DHH include a member of the Legislative Fiscal Office on the Contract Review Committee for a certain number of future reviews and then do a brief status report to CRISP.

Civil Service - (11 Contracts Totaling \$238,486)

I. Civil Service Review Team Recommendations:

"Our department-wide findings were as follows: The cost basis of the contracts seemed reasonable in all cases. The deliverables were not always clearly measurable and delineated. The contract monitoring responsibilities were not clearly delineated in most cases. However, all contracts appeared to be reasonable and justified although most were not mandated in any way. For various reasons, it seemed appropriate in all cases to contract out the services rather than to have them done in-house. There was no relationship between the contractors and employees of our department. There were no contracts with state employees."

Our review team agreed that we need to improve internal oversight in most cases and make sure that deliverables are clearly measurable and delineated in the future. Specifically, we will make sure that all of our agency heads see this report, and we will provide them with guidelines to remedy the shortcomings identified."

II. CRISP Staff Comments:

A. Both Civil Service and Administrative Law employ outside service providers to perform transcription services. Since both groups hold numerous official hearings, would development of this capacity in-house provide cheaper service?

Department of Elections - (6 Contracts totaling \$607,500)

I. Elections Review Team Recommendations:

"The legal contracts are with Celia Cangelosi as the legal attorney and Carey T. Jones and Ann Williamson on an as needed basis. Within the time constraints of election contests, it is often necessary for an attorney representing the Department of Elections to be in several locales at the same time. The cost of the services are according to the schedule authorized by the Attorney General's office. It is based on knowledge of experience of the attorney involved. The contract attorney is the most cost effective as there is not necessarily a daily need for legal services, but most certainly periods where intense service is required. The team recommended maintaining this same arrangement. Contract specific findings are included on the review team outlines.

The other three contracts dealt with necessary services provided to the Department that are beyond the capacity of the current Department's employees. The main considerations and recommendations dealt with increasing table of organization and training. Both items have been addressed in several years preceding budgets and have been rejected by more than one administration.

Another recommendation was to ask the State Fire Marshal's office to conduct the accessibility surveys. We will explore this avenue, but feel it will not result in any appreciable savings to the

Department. It will still involve an agreement and the interagency transfer of funds to cover such inspections. A specific review is provided for each contract."

II. CRISP Staff Comments:

A. Global Issue - many departments and agencies (distinguished from boards and commissions) have legal counsel on-staff through the Attorney General's office rather than contract outside for legal services. The Commission may want to consider how to standardize the provision of these services throughout state government - for example, executive branch departments and agencies employ in-house personnel for general legal counsel purposes, boards and commissions use contract services for limited, ad-hoc legal needs, and executive departments use contract legal counsel for specific legal situations requiring particular areas of expertise (see Attorney General's report) or to meet unusual workload demands (see Revenue's report).

B. Services have been provided for the last 8-10 years to ensure that polling places meet federal requirements for American with Disabilities Act access. Since this is a local responsibility, why is the state performing this service? Other options are to develop this capacity in-house if it is a long-term requirement or using the State Fire Marshal as the Review Team suggests.

C. Global Issue - provision of computer/data processing services (operational and support, hardware and software). Need to develop a coherent strategy for provision of these services either in-house or through contract.

D. The Voting Machine Maintenance Contract involves a policy consideration of using part-time personnel vs. contract personnel to meet election day needs. Given the length of time this contract has been in effect, the department may want to discuss the appropriate provision of services (in-house, contract, or some combination of the two) with the Division of Administration.

Department of Revenue - (20 Contracts Totaling \$1,941,800)

I. Revenue Review Team Recommendations:

"Based on its findings, the CRISP Team determined that it would be in the best interest of the department to develop contractual review procedures that would lend some standardization and validity to the department's contractual process and to carry forward the intent of Act 998 and the CRISP Commission. The team developed the following recommendations to be incorporated into an in-house policy when initiating contracts:

1. To modify and revise the Department's Contract Procedures to include the CRISP team review process for all requests for contracts and contract amendments of \$5,000 and over, including a review of cooperative endeavors and internal review committee recommendations for RFP's.
2. To analyze each request based on criteria guidelines set by the Commission and to request any additional information from department personnel and other resources for the purpose of making an informed recommendation.
3. To forward to the Secretary a CRISP team recommendation for each request, prior to the Secretary's approval.
4. To initiate a monitoring and tracking system for all requests for contracts and lend enforcement to the monitoring procedures defined in OMF's Department Contract Procedures."

II. CRISP Staff Comments:

A. The department provided a detailed strategy of how they plan to incorporate the findings of the Review Team into their on-going contractual acquisition and review process to improve their process.

B. Global Issue - Data Processing/Computer Services - the Review Team discussed aspects of dealing with upgrading or revamping very large proprietary

computing systems (IBM cooperative endeavor for multi-year tax system upgrade). They are working closely with the Division of Administration on this project to strengthen oversight and provide greater quality assurance.

Department of Economic Development - (86 Contracts Totaling \$92,158,981)

I. Economic Development Review Team Recommendations:

"A. General findings:

1. Cost basis of contracts

Appeared to be reasonable in all contracts.

2. Deliverables

Deliverables were not always clearly stated.

Most contracts did not state specific goals, objectives, and performance measures.

3. Contract administrative and budgeting procedures and administrative processing

The department has had for many years extensive written procedures regarding the processing of contracts. The Department Contract Procedure Manual was updated in February to include contract legislation enacted during the 1997 Regular Legislative Session. A workshop was conducted to review the updated procedures with department staff.

The contracts are reviewed by the agency head, fiscal division, deputy undersecretary, general counsel, undersecretary and secretary. Contracts are reviewed for relevance of services to the agency programs and priorities and qualifications of the provider; verification of funding availability and legislative intent of available funds; compliance with all applicable statutes, rules and regulations, and overall impact on department mission, goals, and objectives.

4. Sub-contracting

Contracts that allowed the contractor to sub-contract services required prior written approval of the department.

5. Monitoring

Contract monitoring responsibilities were not clearly delineated.

6. Internal capacity

For the contracts reviewed, it appeared appropriate to have the required services contracted out rather than performed by in-house staff. The prevailing reasons were lack of in-house expertise and lack of staff resources.

B. Review Team Recommendations:

Agency/Board/Commission contracts must include:

Detailed written monitoring plan

Specific and clearly stated goals, objectives, performance measures, and deliverables

Where feasible, solicit cost proposals for contracts in order to obtain lowest possible cost

C. Agency/Board/Commission Comments:

Overall agencies/boards/commissions concurred with the team recommendations and indicated the recommendations would be incorporated in future contracts."

II. CRISP Staff Comments:

A. Existing contract review process already included many CRISP contract review elements and procedures.

Lt. Governor/CRT - (37 Contracts Totaling \$14,067,767)

I. CRT Review Team Recommendations:

"The Office of the Lieutenant Governor had three contracts and one cooperative endeavor agreement that the Internal Contract Review Team examined. The Review Team has no findings or recommendations for any of these. All three contracts and the co-op met the requirements set forth in the CRISP Commission's guidelines.

The Department of Culture, Recreation and Tourism had a total of thirty-seven (37) contracts (consulting - 18; personal - 1; professional - 3; interagency agreements - 2; and cooperative endeavor agreements - 13) that the Internal Review Team examined.

Generally, the Review Team had no findings on the cooperative endeavor agreements and the interagency agreements. However, the Review team did recommend verbally that written monitoring plans be provided with these types of contracts, even though it is not specifically required by statute. The Department had an assigned monitor for each, but as a general policy, the Department should require monitoring plans for co-ops and IAT agreements as well as contracts.

The Internal Review Team found that the professional, consulting, and personal services contracts that should have had a written monitoring plan submitted with the contract as required by Act 739, did not. However, in all cases, the agency verified that a monitor was assigned to each contract and monitoring responsibilities were clearly delineated. The Internal Review Team recommended that the monitoring plan be placed in the file with the contract. Additionally, the Review Team recommended that in the future, the Department make it a policy to not submit contracts to the Office of Contractual Review without the required monitoring plan.

Act 998 and the CRISP Commission Guidelines called for the Review Team to examine all professional, personal, social, and consulting services contracts, co-ops, and IAT agreements in excess of \$5,000. The Department's delegated authority for approving professional, personal, social, and consulting services contracts is \$10,000. Therefore, the Review Team did not document a finding for those contracts under \$10,000 that did not have a written monitoring plan."

II. CRISP Staff Comments:

A. Several contracts reviewed were a result of a line item appropriation by the Legislature.

Department of Wildlife & Fisheries - (49 Contracts Totaling \$1,713,194)

I. Wildlife and Fisheries Review Team Recommendations:

"A. General

Based on the team's review and evaluation, 84% of the contracts reviewed were justified and reasonable, 82% were based on a reasonable cost basis, 98% could not have been performed by Department staff, 73% had deliverables which were plainly measurable and delineated, and 92% had the monitoring responsibilities clearly identified.

In addition, 67% of the contracts were with contractors who had or have some ongoing history of performing services for the Department. In most cases, this involved the universities, and this was considered normal and appropriate.

The weakest area seemed to be the issue of clearly stating deliverables.

Each program has one or more employees who draft, process, and monitor contracts, and there is inconsistency in the drafting and processing of contracts. There also seem to be weaknesses in some programs in the areas of accountability and oversight by administrators.

B. Review team recommendations

Program administrators should become more actively involved in the selection and monitoring process to ensure usefulness of service/information.

Employees who draft contracts should receive training in the identification of objectives and deliverables and in the Department's internal approval process.

It may be more cost effective to have a Department employee who is skilled at experimental

statistics rather than contract this to LSU.

The employee whose duties include serving as Contracts Administrator should become more involved in the drafting of contracts to assist programs (this is currently being undertaken).

The Department's contract procedures and forms should be available on the Intranet.

The review and approval process (both internal and external) should be revised so that it is less complicated, timely, and meaningful (external examples: BA-22's, Civil Service approval, State Budget Office approval)."

II. CRISP Staff Comments:

A. The Commission should consider the suggestion that the external process for review/approval of service contracts is complicated and should be made more timely, and more meaningful.

B. The Review Team's report questioned the justification and reasonableness of several of its contracts.

Secretary of State - (2 Contracts Totaling \$29,500)

I. State Review Team Recommendations:

"Upon review of the contractual and budgetary procedures employed by the agency, the CRISP Review Team finds that the Office of the Secretary of State enters into very few contracts with outside individuals or firms, opting instead to have all work performed by classified civil service employees except for the few instances when this is not possible. This is evidenced by the fact that the CRISP Review Team had only two contracts to review and found that the Secretary of State has entered into an average of only four contracts annually. The CRISP Review Team recommends that the Secretary of State continue this practice of using classified civil servants to perform the operations of the agency whenever possible. The CRISP Review Team further finds that the budgetary and administrative procedures employed by the Office of the Secretary of State are reasonable and in

full compliance with applicable laws. The CRISP Review Team makes no recommendation that the Secretary of State make any changes to the budgetary and administrative procedures now employed by the agency in conjunction with the few contracts entered into annually."

II. CRISP Staff Comments:

A. The Legislative Fiscal Office reported to the CRISP Staff that the Fiscal Office was not invited to attend this department's Review Team meetings. Act 998 of 1997 (R.S. 39:1493.3(C)) requires that a member of the Legislative Fiscal Office be on each Review Team.

Department of Treasury - (10 Contracts Totaling \$2,210,202)

I. Treasury Review Team Recommendations:

"A. The one general recommendation made by the CRISP Review Team was that the Treasury should take steps to insure an orderly process and an adequate time frame to develop both Request for Proposals and amendments to or renewals of active contracts.

B. Division Managers should be responsible for the initiation of contracts related to their responsibilities.

C. The CRISP Review Team noted instances whereby the Treasury has utilized a 1524 letter. In response, the First Assistant has designated a "contract coordinator" who would be responsible to 1) receive contracts from Division Managers, 2) ensure all contract documentation is completed and submitted to the proper approval agencies, and 3) track the progress of contracts through to final approval."

II. CRISP Staff Comments:

A. The Legislative Fiscal Office reported to the CRISP Staff that the Fiscal Office was not invited to attend this department's Review Team meetings. Act 998 of 1997 (R.S. 39:1493.3(C)) requires that a member of the Legislative Fiscal Office be on each Review Team.

B. Not enough information was provided in the Review Team report relative to understanding the reported problems with deliverables or monitoring of contracts.

Department of Justice - (17 Contracts Totaling \$3,417,000)

I. Justice Review Team Recommendations:

"A. Cost Basis

General Findings: As is apparent from the contract summaries provided, most DOJ services contracts are for attorneys and experts in support of specific complex litigation. The cost basis for these services is an hourly fee, and which is in compliance with the department's policy for approval of all contracts for outside legal counsel. Those other contracts for data processing and investigative services were also based on hourly charges, as is the standard in those professions. The contract for court reporting services is based on per page charges which is the standard cost basis in that occupation.

Review Team Recommendations: The review team found that the hourly fee cost basis was appropriate for the services involved and found no basis for alternate methods of cost basis.

B. Deliverables

General Findings: It is the nature of litigation, especially complex litigation, that the course and direction which the litigation takes is unpredictable and not within the control of any one party, in this case DOJ. Under these circumstances, it is impossible to set forth in a contract what the deliverable will be, and if we could it would probably be unwise to do so in a contract which is a public record.

Review Team Recommendations: The review team found that it is impossible to define deliverables in advance for litigation related contracts, and undesirable to do so.

C. Internal Capacity

General Findings: It is impossible for DOJ to have on staff attorneys with high levels of expertise in every subject for which litigation may come our way. Staff attorneys focus on the routine matters which are common to the every day legal problems of state entities.

When unique and highly specialized litigation comes to us, either as plaintiff or as defendant, there is not time to bring staff personnel up to speed on this area of the law and it is necessary that counsel experienced in complex litigation in the subject area of the suit be contracted. This has been done in the Shell Offshore royalty audit litigation and in several other complex litigation matters.

With regard to experts, the same need for prior experience and readiness applies as above, only more so. Additionally, these individuals would have little credibility as expert witnesses if they were employees of the state, so it is imperative that they operate as independent contractors.

Review Team Recommendations: There is no way to develop and maintain internal capacity for dealing with all types of litigation which come our way. Current methods of contracting for experienced outside counsel and experts are serving the interests of the state well. With regard to data processing contracts, DOJ has made great progress in establishing a competent and reliable MIS staff within the department. This should greatly reduce the need for future outside services. It is likely that the unique DP environment of the Collections Section will continue to require contract services.

D. Monitoring and Internal Oversight

General Findings: With regard to outside legal counsel and experts, the internal monitoring and oversight is handled by the Assistant Attorney General who has been designated as DOJ counsel for the

litigation involved. He/she receives and reviews copies of all correspondence and pleadings and stays in telephone and written contact with our contracted personnel. This attorney is responsible for approving all invoices submitted for compliance with contract rates, appropriate case-related work and timeliness. DOJ Administrative Services monitors these contracts to assure that they stay within authorized amounts and that rates charged are in compliance with contract levels.

Review Team Recommendations: An internal Procedures Memorandum should be developed for the guidance of DOJ attorneys who are internal contacts for outside counsel and experts. This PM should indicate what to look for and how to go about securing contractor compliance."

II. CRISP Staff Comments:

A. The Legislative Fiscal Office reported to the CRISP Staff that the Fiscal Office was not invited to attend this department's Review Team meetings. Act 998 of 1997 (R.S. 39:1493.3(C)) requires that a member of the Legislative Fiscal Office be on each Review Team.

B. Global Issue - provision of legal services - Used for specialized legal areas and specific cases.

Public Safety Services - (65 Contracts Totaling \$2,304,811)

I. Public Safety Services Review Team Recommendations:

The report contained no general or global Review Team recommendations. Rather, Review Team comments were restricted to individual contracts.

II. CRISP Staff Comments:

A. The Legislative Fiscal Office reported to the CRISP Staff that the Fiscal Office was not invited to attend this department's Review Team meetings. Act 998 of 1997 (R.S. 39:1493.3(C)) requires that a member of the Legislative Fiscal Office be on each Review Team.

B. Because there were no general recommendations or narrative on contracting within Public Safety Services, it is difficult to assess the impact of the CRISP review on this agency's contracting process.

CRISP REVIEW TEAM REPORTS 1/20/99

Board of Regents - (92 Contracts Totaling \$ 13,279,785)

I. Board of Regents Review Team Recommendations:

" The Board of Regents needs to insure that all divisions of the agency have had the necessary instruction and training in the formulation and handling of contracts for purpose of both in-house Board of Regents administration as well as to comply with the requirements of the Office of Contractual Review and Chapter 16 of Title 39 of the Louisiana Revised Statutes. Although the agency administers hundreds of contracts annually, the vast majority of those are administered by the Sponsored Programs Division. The other divisions of the agency engage in limited amounts of contracting and, thus, are not always as familiar with the procedures and requirements."

It is recommended that the Board of Regents make a concerted effort to have whatever staff responsible for any aspects of the contracting process become appropriately knowledgeable in the procedures of contracting. Particular areas of emphasis should be:

- Components of the standard contractual document as specified by the Office of Contractual Review and the Board of Regents

- In-house procedures for contract administration

- Office of Contractual Review procedures for contract administration

- Establishment of appropriate monitoring methods

- Establishment of mechanisms to insure the quality and value of the deliverables

As part of this effort the Board of Regents staff has recently held a session with staff of the Office of Contractual Review to discuss OCR requirements and procedures, and their application to Board of Regents' contracting activity. The Board of Regents staff has also conducted an in-house meeting to review Board of Regents procedures for contracting. The procedures used were updated, distributed to staff, discussed and reviewed. As a result of this session there were certain questions of procedure identified which have since been referred to the Office of Contractual Review to be addressed.

Finally, the Review Team engaged in examination of the manner in which consultant compensation amounts are established with respect to the use of academic and LEQSF proposal review consultants which normally are well under \$5,000. Although these contracts were exempt from CRISP review because of their small size, the Regents' rather extensive use of such consultants generated some interest in this area. It was determined that the amounts of such review work are generally based upon the extent of review required, the discipline and, if the consultant is brought in to participate on a review team, the number of proposals to be considered and the expected time involved in the teams' work. Overall, the Review Team was convinced that in the use of out-of-state review consultants, the state was receiving high quality and objective program and review evaluations at very reasonable rates of compensation."

I. CRISP Staff Comments:

It appears a thorough review was conducted by the review team with no significant findings

University of La./Board of Trustees - (135 Contracts Totaling \$ 2,741,003)

I. Board of Trustees Review Team Recommendations:

" All of the contracts reviewed were properly executed and justified. However, the Review Team questioned source of funding for one (1) contract at Northwestern State University, the method of processing payments for two (2) contracts at Nicholls State University, and the number of contracts submitted for review at the University of Southwestern Louisiana."

Recommendations were made on these specific contracts

I. CRISP Staff Comments:

The number of contracts reported seems out of proportion per campus. Was this discussed and was the reason discovered by review team?

LSU System/Hospital Services Division - (470 Contracts Totaling \$171,956,459)

1. LSU System/Health Services Division Review Team Recommendations:

- Update the university System Permanent Memorandum regarding contract review, reporting and approval.
- Notify campuses of the specific contracts and issues included in this report, provide an opportunity to respond and address the responses.
- Meet with the Office of Contractual Review to address processing and approval time for contracts and/or the unique requirements of subcontracts under sponsored research agreements and seek rule changes/legislation as necessary. Seek elimination of the Division of Administration Budget Form BA-22 (which was designed for state agencies with line item appropriations) for use by LSU System Units.
- LSU System recommendation for Administrative or Legislative Action: Subcontracts under sponsored research grants and contracts should be exempt from the statutory contractual review requirements.
- Include in the System's contract policy a statement concerning potential IRS problems involving contracting for services versus the creation of employer/employee relationships.
- Maintain a data base for all system approved contracts; place the data base on line for campus ease of access.
- Develop general guidelines to assist campuses in determining when outsourcing of services is appropriate.
- Review contract signature authority levels at the System and the campuses with the joint objective of reducing processing steps/time and maintaining appropriate controls.

I. CRISP Staff Comments:

It appears a detailed review was conducted and resulted in an excellent report with good recommendations for improving the process

Southern System - (29 Contracts Totaling \$591,146)

I. Southern's Review Team Recommendations:

The committee found that the contracts reviewed were in accordance with university and state regulations. The cost basis was reasonable and the need for the requested services was documented. It was noted that in most cases the lack of in-house personnel with appropriate experience was the reason for contracting.

The Southern University System has in effect comprehensive policies that govern the issuance of contracts for Professional, Personal, Consulting and Social Services.

These policies and procedures are reviewed and updated periodically to reflect needed changes.

I. CRISP Staff Comments:

It appears a thorough review was conducted by the review team with no significant findings.

Department of Education - (310 Contracts Totaling \$18,694,490.59)

I. Education Review Team Recommendations:

" Although this process has been very beneficial in terms of more closely analyzing existing contracts, it has been extremely time-consuming for Department staff that is already overburdened with other responsibilities. I am recommending that agencies be allowed and held accountable for establishing and streamlining procedures for continuing these reviews internally. If necessary, the agencies could submit a report or certification notice to the Division of Administration regarding the finding of these reviews. It should be noted that the Department of Education currently has one full-time contracts reviewer. With over 1,200 contracts being processed each year, there is a critical need for additional funding to hire more staff in this area."

We found that a number of contracts did not have a specific monitoring plan. This is due in large part to becoming aware of the new legislation later in the fiscal year. We have included this in the Department's checklist which is completed for each contract before they are approved by BESE and the Superintendent. It was stressed with the other agencies whose contracts were reviewed that this must be included in future contracts.

We found that some agencies were not sending all contract over \$10,000 to OCR.

We received assurances from these agencies that this would be done in the future."

I. CRISP Staff Comments:

The Crisp staff has several concerns:

- 1. The lack of specific monitoring plans*
- 2. Some contracts are not sent to OCR for approval as required by law.*
- 3. Level of contracts which have no "appropriate cost basis", specifically in at-risk 4 year old programs and Teacher Assessment programs.*

Group Benefits - (16 Contracts Totaling \$215,930,000)

I. Group Benefits Review Team Recommendations:

SEGBP has appointed contract supervisors for all professional services contracts. It is the responsibility of the contract supervisor to confirm that professional services contracts are issued in accordance with applicable statutes and regulations. Furthermore, it is the responsibility of the contract supervisor to ensure that any payments made pursuant to the professional services contracts are in accordance with the terms and conditions of the contract. Quarterly meeting will be conducted by the SEGBP CRISP committee to review professional services contracts.

I. CRISP Staff Comments:

A. Global Issue - legal services contracts for Human Resources, Personnel issues

B. Standard procedures will be established for all staff to follow when entering into contracts.

Department of Justice - (10 Contracts Totaling \$1,805,000)

I. Justice Review Team Recommendations:

Cost Basis

The review team found that the hourly fee cost basis was appropriate for the services involved and found no basis for alternate methods of cost basis.

Deliverables

The review team found that it is impossible to define deliverables in advance for litigation related contracts, and undesirable to do so.

Internal Capacity

There is no way to develop and maintain internal capacity for dealing with all types of litigation which comes our way. Current methods of contracting for experienced outside counsel and experts are serving the interests of the state well. With regard to data processing contracts, Dept. of Justice has made great progress in establishing a Competent and reliable MIS staff within the department. This should greatly reduce the need for future outside services. It is likely that the unique DP environment of the Collections Section will continue to require contract services.

An internal Procedure Memorandum should be developed for the guidance of Dept. of Justice attorneys who are internal contacts for outside counsel and experts. This PM should indicate what to look for and how to go about securing contractor compliance.

I. CRISP Staff Comments:

- A. Global Issue - provision of legal services statewide should be looked into*
- B. The institution of internal procedures for more intense monitoring and oversight of contract attorneys should be developed.*

DOA/GOVERNOR - (1358 Contracts Totaling \$227,289,701)

I. DOA/Governor's Review Team Recommendations:

La. Data Base Commission

The review team was concerned with LFN contract because it appears that services are being duplicated, specifically services for libraries and schools.

The review team noted that there was a relatively large dollar contract (\$1,040,954), while a relatively small operational budget (\$850,000) for FY 98-99.

Office of Risk Management

No recommendations

Office of Facility Planning and Control

The review team questioned the selection of the topographic survey/geotechnical investigation contractors.

The review team noted that the engineer/architect plan review contracts seemed similar to services of the M.E. and E.E. on FPC staff; and suggests that for individuals reviewing plans and drawings, a cost-benefit analysis of

outsourcing the services vs in-house be conducted.

The review team recommends a more complete analysis of site and roofing inspection contracts.

State Land Office

No recommendations

Office of Telecommunications

No recommendations

Statewide Reporting & Accounting Policy

No recommendations

OSIS

No recommendations

Office of the General Counsel

No recommendations

Community Development Block Grant

No recommendations

Comprehensive Public Training Program

No recommendations

Office of Planning & Budget

No recommendations

Office of Information Services

No recommendations

Lifelong Learning

The review team felt that the department should be studied to determine whether they should serve as a flow-through to other state departments better equipped to handle the services, due to the extensive contracts for day-to-day operational activities.

Rural Development

The review team expressed concern about the purpose of some of the contracts within this program, how recipients are selected, and monitoring and

evaluation procedures.

Women's Services

The team, upon reviewing the legal contract, noted that CRISP should assess the necessity for numerous legal service contracts through out the state.

Urban Affairs

The review team recognizes that the agency has been working to develop a better system for measuring results, and has already made some changes in the areas of monitoring, however, the team would like to stress that consideration be given to implementing performance measures, and a formal monitoring program that clearly reflects the deliverables.

The team suggests a review to determine if the contracts could better be administered by other departments.

The team recommends formalizing monitoring and evaluation of the cost/benefit rendered by the various contractors.

Review team noted that the following contracts should be further reviewed. Hampco, Economic Freedom Association, La. Association of Museums (should CRT provide), Orleans Metro, all three (3) 12th Ward Save Contracts.

Oil Spill

The review team was particularly impressed with the Oil Spill personnel's knowledge, enthusiasm, evaluation and monitoring procedures.

Indigent Defense

No recommendations

Coastal Activities

No recommendations

LCLE

No recommendations

Patients Compensation

No recommendations

Student Financial Aid

No recommendations

I. CRISP Staff Comments:

- 1. A thorough review was conducted and is reflected in a very good informative report.*
- 2. CRISP staff noticed that Office of Elderly Affairs was missing from the report.*
- 3. Staff suggests that an exemption be placed in Title 39 for La. Stadium & Exposition Authority which tracks present law.*
- 4. Staff is concerned that the review team recognized problems in certain Facility Planning & Control's contracts such as site and roofing inspector and architect/ engineers for plan review and hopes that the team's recommendations for further in-depth analysis and cost-benefit analysis will be carried out.*
- 5. Staff is concerned over review team's recommendation that several of Urban Affairs contracts should be reviewed further and evaluated as to cost/benefit rendered and hope this will be carried out.*
- 6. Staff noted that Rural Development contracts are not submitted to Office of Contractual Review.*

Department of Social Services - (854 Contracts Totaling \$229,484,513)

I. Social Services Review Team Recommendations:

" The review team found all contracts were cost effective, justified/reasonable and monitored. This review process of contracts in place on December 1, 1997 did reveal some significant recommendations which needed changes/corrections."

I. CRISP Staff Comments:

- 1. Initial review did not include LFO participation. A final meeting held included LFO participant*
- 2. Final Report did not contain recommendations although the report stated the review revealed significant recommendations which needed changes.*
- 3. OFS - need more information on DSS recommendation for formula funding for DA support enforcement*

4. Job readiness/job placement. What kind of coordination is done with other agencies to insure non-duplication of services? Are statistics kept to determine effectiveness? Who is responsible for monitoring this program?

5. Global Issue - are social services being duplicated statewide because many of these programs can be found in several agencies, i.e. employment and training, after school tutorial, etc. One of SECURE's recommendations was to look into consolidating these services under 1 agency to avoid possible duplication of services.

Department of Labor - (239 Contracts Totaling \$93,000,000)

I. Labor Review Team Recommendations:

"General:

1. Establish a central coordination function for the department's contract procedure.
2. Establish monitoring requirements and procedures for all contracts.
3. Assure the deliverables are clearly delineated."

I. CRISP Staff Comments:

Crisp staff had a concern as to whether any coordination is being done on employment and training contracts to avoid duplication of contract services across state agencies

1. *Report revealed contract deliverables unclear and no monitoring plan on contracts.*
2. *CRISP staff agreed that a centralized contract function would be beneficial*

Dept. of Transportation & Dev. -(498 Contracts Totaling \$151,258,806)

I. DOTD Review Team Recommendations:

See attached cover letter from the department (**Attachment A**)

I. CRISP Staff Comments:

A. The Commission should review the exclusion of certain engineering design and construction contracts entered into by DOTD - statutory provisions attached

B. The Commission should review statutory provisions in Title 48 which

allows the Secretary certain specific authority to determine situations of "non-competitive selection" relative to the processes in Title 39 which apply more generally to all other agencies of state government. (See attached statutory provisions)

C. The DOTD review team did review the remaining contracts as instructed by the CRISP Commission at the last meeting.

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